

EXHIBIT 1

Rita Tobin

From: Rita Tobin
Sent: Friday, September 17, 2010 2:44 PM
To: Rita Tobin; 'Stadler, Katherine'
Cc: Ronald Reinsel
Subject: RE: Caplin & Drysdale: MLC - TEP Cab Fare

Dear Katie:

Without acknowledging that any of our time was block billed, we are willing to accept all of the Fee Examiner's recommendations in the Draft Report, but for two, as follows:

1. Todd Phillips Taxi Expenses: you should have our additional information, sent to you this morning via email.
2. Fee Application Preparation Time.

You have recommended a 50% reduction of our fee application time, citing Judge Gerber's holding at the July 6th hearing to the effect that time billed for such services should be paid at 50% of the professional's normal hourly rate. The full ruling, however, stipulates that the 50% reduction should apply only to time going forward, while a 35% reduction should be applied to time billed before the ruling was made. Judge Gerber stated as follows:

"On balance, and recognizing that some of the work that was done in this category [i.e., fee application preparation] would be unique to bankruptcy, some of the work would be done for any client and that costs of fixing mistakes shouldn't be borne by the estate, I believe that under normal circumstances and going forward, an adjustment of fifty percent, five-zero percent, as we do with travel time, would be appropriate. But the law in this area has been evolving in increasing detail. And with increasing limitations and I think that it's unfair to the professionals to make them take a full hit in such an amount retroactively.

"For this time period, recognizing that much of what I said is not new and could be inferred by, for example, by review of DFI and SonicBlue, I think that a reduction of only thirty-five percent for this kind of review during this time period would be appropriate, a percentage reduction that would apply to each of Weil, Kramer Levin and Butzell Long with respect to their respective services in this category."

Tr. At 14-15, 13-15.

Given Judge Gerber's complete holding, including his qualification regarding retroactivity, and the fact that the Interim Period for which Caplin & Drysdale has filed its Fee Application concluded on May 31, 2010, more than a month prior to the hearing on July 6, we believe that a fee reduction of no more than 35% is appropriate regarding our fee application preparation services. We will accept a reduction in that amount.

I look forward to your response; please contact me if you have further questions or require additional information.

Best regards,
Rita Tobin

From: Rita Tobin
Sent: Friday, September 17, 2010 11:39 AM
To: 'Stadler, Katherine'
Subject: Caplin & Drysdale: MLC - TEP Cab Fare

Dear Katie:

We have your draft report, and will be contacting you later today about a few issues. Regarding Todd Phillips taxis, however, we can now submit the following additional information:

When our accounting employee returned from vacation, and could be consulted regarding the taxi invoices, she explained that dates listed on the invoices are not the dates on which the cab expense was incurred, but rather those on which the taxi company logged each respective trip into its own accounting system. After receiving the invoice, Caplin &

Drysdale then logs the payment into its own system (a second date, but once again not the date on which the taxi expense was incurred). The only party who knows the date on which the cab was taken, is the person who took the cab. Therefore, we asked Todd Phillips to let us know on which dates he took the taxis indicated in the invoices. That information is provided below.

We will work out a system with our attorneys and accounting department so that future invoices filed with the Court indicate the date on which the taxi was taken.

This is the breakdown regarding Mr. Phillips taxi charges:

Cab charge \$48.88: 4/1 (10.2 hrs) billed to MLC; Mr. Phillips worked through the night till 4/2 1:48 a.m.
Cab charge \$35.65: 4/5 (10.8 hrs) billed by Mr. Phillips to MLC
Cab charge \$48.30: 4/8 (7.6 hrs) billed by Mr. Phillips billed to MLC
Cab charge \$40.25: 4/13 Mr. Phillips worked 4.0 hours for MLC, but was credited for only 0.4 due to a clerical error. The time entry error will be corrected on a future fee application, but we will take a reduction of \$40.25 regarding this charge, because the time worked was less than 6 hours.
Cab charge \$33.93: 4/14 Mr. Phillips billed (9.9 hrs) to MLC

Please let me know if we can be of further assistance regarding these taxi expenses.

Best regards,
Rita Tobin

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